

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Financial Statements

For the Year Ended June 30, 2020

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

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For the Year Ended June 30, 2020

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Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Directors' Report

June 30, 2020

The directors present their report on Coffs Harbour Racing Club Limited for the financial year ended June 30, 2020.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Alan Johnson	
Experience	Board member since November 2004. Company Director. Racehorse owner. Licenced Plumber.
Special responsibilities	Chairman
Mervyn Mercer	
Experience	Board member since 1968. Retired builder over 30 years. Company Director. Racehorse owner and Life member.
Shane Burns	
Experience	B Bus and MBA. Former chief executive of Armidale City Council.
Kevin Riddell	
Experience	Business manager of Regional Australia Bank. Racing enthusiast.
Scott Nolan	
Experience	Owner Nolans Real Estate. Horse owner.
Samantha Wardman	Resigned 30/11/19
Experience	DipM MCIM B. Bus AMAMI CMP. Marketing consultant and agency owner. Racing enthusiast.
Mark Palmer	
Experience	Chartered Accountant

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of Coffs Harbour Racing Club Limited during the financial year were conducting race meetings and function events.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term objectives

The Company's short term objectives are to:

- Encourage racing activities and conduct functions and events at the racecourse and associated amenities.

Coffs Harbour Racing Club Limited

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Directors' Report

June 30, 2020

1. General information

Long term objectives

The Company's long term objectives are to:

- Grow the racing industry and event functions in the Coffs Harbour region.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Continually seeking improvements at the racecourse for trainers and providing exceptional service and value for money in conducting functions.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- Providing excellent facilities for the racing industry and public as well.
- Providing competitive function and events facilities.

Members' guarantee

Coffs Harbour Racing Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$50 for members that are corporations and \$50 for all other members, subject to the provisions of the company's constitution.

At June 30, 2020 the collective liability of members was \$ 15,700 (2019: \$ 20,700).

2. Other items

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Coffs Harbour Racing Club Limited

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Directors' Report

June 30, 2020

Meetings of directors

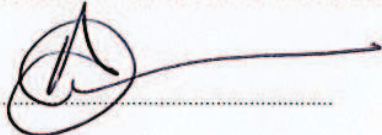
During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

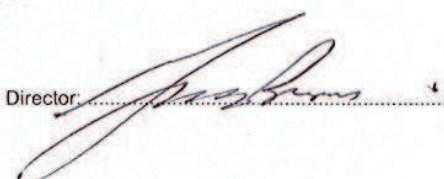
	Directors' Meetings	
	Number eligible to attend	Number attended
Alan Johnson	8	8
Mervyn Mercer	8	8
Shane Burns	8	7
Kevin Riddell	8	6
Scott Nolan	8	6
Samantha Wardman	4	3
Mark Palmer	8	7

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended June 30, 2020 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Dated this 7th day of October 2020



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Coffs Harbour Racing Club Limited

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Coffs Harbour Racing Club Limited

I declare that, to the best of my knowledge and belief, during the year ended June 30, 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

HQB Accountants Auditors Advisors

A handwritten signature in black ink, appearing to read 'James Davis'.

James Davis
Partner

Dated: 8 October 2020

13-15 Park Avenue, Coffs Harbour

Coffs Harbour Racing Club Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended June 30, 2020

		2020	2019
	Note	\$	\$
Revenue	4	3,782,718	4,010,211
Other income	4	336,674	236,074
Finance income	5	2,744	617
Employee benefits expense		(558,955)	(623,326)
Returns to owners		(2,107,325)	(2,246,524)
General racecourse / facilities expense		(1,111,421)	(1,038,830)
Depreciation and amortisation expense	6	(194,409)	(181,023)
Finance expenses	5	(6,142)	(7,896)
Profit before income tax		143,884	149,302
Income tax expense		-	-
Profit for the year		143,884	149,302
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		143,884	149,302

The accompanying notes form part of these financial statements.

Coffs Harbour Racing Club Limited

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Statement of Financial Position

As At June 30, 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	267,659	173,494
Trade and other receivables	8	377,977	399,910
Inventories	9	14,445	16,989
Other financial assets	10	103,360	100,616
Other assets	11	35,087	6,362
TOTAL CURRENT ASSETS		<u>798,528</u>	<u>697,371</u>
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,916,220	2,994,773
TOTAL NON-CURRENT ASSETS		<u>2,916,220</u>	<u>2,994,773</u>
TOTAL ASSETS		<u>3,714,748</u>	<u>3,692,144</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	175,747	218,871
Borrowings	14	64,479	39,649
Employee benefits	15	29,076	34,265
Other liabilities	16	11,113	59,670
TOTAL CURRENT LIABILITIES		<u>280,415</u>	<u>352,455</u>
NON-CURRENT LIABILITIES			
Borrowings	14	42,555	97,401
Employee benefits	15	23,173	17,567
TOTAL NON-CURRENT LIABILITIES		<u>65,728</u>	<u>114,968</u>
TOTAL LIABILITIES		<u>346,143</u>	<u>467,423</u>
NET ASSETS		<u>3,368,605</u>	<u>3,224,721</u>
EQUITY			
Retained earnings		<u>3,368,605</u>	<u>3,224,721</u>
TOTAL EQUITY		<u>3,368,605</u>	<u>3,224,721</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended June 30, 2020

2020

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2019	3,224,721	3,224,721
Profit attributable to members of the entity	143,884	143,884
Balance at June 30, 2020	3,368,605	3,368,605

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2018	3,075,419	3,075,419
Profit attributable to members of the entity	149,302	149,302
Balance at June 30, 2019	3,224,721	3,224,721

The accompanying notes form part of these financial statements.

Coffs Harbour Racing Club Limited

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Statement of Cash Flows For the Year Ended June 30, 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	4,460,480	4,672,828
Payments to suppliers and employees	(4,225,467)	(4,262,351)
Interest received	2,744	617
Interest paid	(6,142)	(7,896)
Net cash provided by/(used in) operating activities	23 <u>231,615</u>	<u>403,198</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	11,511	-
Purchase of property, plant and equipment	(116,202)	(166,574)
Purchase of term deposits	(2,744)	(100,616)
Net cash provided by/(used in) investing activities	<u>(107,435)</u>	<u>(267,190)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	9,500	36,410
Repayment of borrowings	(39,515)	(45,992)
Net cash provided by/(used in) financing activities	<u>(30,015)</u>	<u>(9,582)</u>
Net increase/(decrease) in cash and cash equivalents held	94,165	126,426
Cash and cash equivalents at beginning of year	<u>173,494</u>	<u>47,068</u>
Cash and cash equivalents at end of financial year	7 <u>267,659</u>	<u>173,494</u>

The accompanying notes form part of these financial statements.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

The financial report covers Coffs Harbour Racing Club Limited as an individual entity. Coffs Harbour Racing Club Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Coffs Harbour Racing Club Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and, accordingly amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the cost model.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance and straight line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5% - 20% SL
Plant and Equipment	2.5% - 66% RB
Motor Vehicles	13% - 25% RB
Improvements	2.5% - 20% SL

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies

(g) Financial instruments

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies

(g) Financial instruments

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings and trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms giving rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

The Company's financial assets measured at amortised cost comprise trade and other receivables, financial assets and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and includes forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Trade receivables

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies

(g) Financial instruments Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

(h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

2 Summary of Significant Accounting Policies

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at June 30, 2020. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note for details of the changes due to standards adopted.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - useful lives of assets

The Company determined the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or assets that have been abandoned or sold will be written off or written down.

Key estimates - employee benefits provision

As discussed in note 3 (j), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation and have been taken into account.

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

4 Revenue and Other Income

Revenue from continuing operations

	2020	2019
	\$	\$
Revenue from contracts with customers (AASB 15)		
- provision of services	3,782,718	4,010,211
Total Revenue	3,782,718	4,010,211

	2020	2019
	\$	\$
Other Income		
- rental income	59,229	59,845
- sponsorships	118,745	133,790
- memberships	15,226	32,845
- government stimulus	114,672	-
- small business grant	10,000	-
- sundry income	7,637	9,594
- net gain on disposal of property, plant and equipment	11,165	-
Total Other Income	336,674	236,074
Total Revenue and Other Income	4,119,392	4,246,285

5 Finance Income and Expenses

Finance income

	2020	2019
	\$	\$
Interest income		
- Assets measured at amortised cost	2,744	617
Total finance income	2,744	617

Finance expenses

	2020	2019
	\$	\$
Net loss on financial assets at amortised cost	-	213
Other finance expenses	6,142	7,683
Total finance expenses	6,142	7,896

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements

For the Year Ended June 30, 2020

6 Result for the Year

The result for the year includes the following specific expenses:

	2020	2019
	\$	\$
Other expenses:		
depreciation - buildings	32,916	29,603
depreciation - motor vehicles	21,867	28,236
depreciation - plant and machinery	43,583	47,917
depreciation - improvements	96,043	75,267

7 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	14	89
Bank balances	267,645	173,405
	<u>267,659</u>	<u>173,494</u>

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2020	2019
	\$	\$
Cash and cash equivalents	267,659	173,494
Balance as per statement of cash flows	<u>267,659</u>	<u>173,494</u>

8 Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	338,475	401,910
Provision for impairment	(2,000)	(2,000)
	<u>336,475</u>	<u>399,910</u>
Other receivables	41,502	-
	<u>377,977</u>	<u>399,910</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements

For the Year Ended June 30, 2020

8 Trade and Other Receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2020	2019
	\$	\$
Balance at beginning of the year (calculated in accordance with AASB 139)	2,000	4,425
Additional impairment loss recognised	-	213
Amounts written off as uncollectible		
Directly to P&L	-	(213)
Unused amounts reversed	-	(2,425)
Balance at end of the year	2,000	2,000

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated based on past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

9 Inventories

	2020	2019
	\$	\$
CURRENT		
At cost:		
Inventories - Liquor	14,445	16,989
	14,445	16,989

10 Other Financial Assets

(a) Financial assets at amortised cost

	2020	2019
	\$	\$
CURRENT		
Other financial assets	103,360	100,616
	103,360	100,616

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements

For the Year Ended June 30, 2020

11 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	35,087	6,362
	<u>35,087</u>	<u>6,362</u>

12 Property, plant and equipment

Buildings		
At cost	1,559,123	1,547,326
Accumulated depreciation	(558,114)	(525,198)
Total buildings	<u>1,001,009</u>	<u>1,022,128</u>
Total land and buildings	<u>1,001,009</u>	<u>1,022,128</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	822,279	768,872
Accumulated depreciation	(565,542)	(523,217)
Total plant and equipment	<u>256,737</u>	<u>245,655</u>
Motor vehicles		
At cost	208,775	208,776
Accumulated depreciation	(129,239)	(107,372)
Total motor vehicles	<u>79,536</u>	<u>101,404</u>
Leasehold Improvements		
At cost	2,070,642	2,021,247
Accumulated amortisation	(491,704)	(395,661)
Total leasehold improvements	<u>1,578,938</u>	<u>1,625,586</u>
Total plant and equipment	<u>1,915,211</u>	<u>1,972,645</u>
Total property, plant and equipment	<u>2,916,220</u>	<u>2,994,773</u>

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements

For the Year Ended June 30, 2020

12 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Plant and Equipment	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Year ended June 30, 2020					
Balance at beginning of the year	1,022,128	245,655	101,403	1,625,587	2,994,773
Additions	11,797	55,011	-	49,394	116,202
Disposals	-	(346)	-	-	(346)
Depreciation expense	(32,916)	(43,583)	(21,867)	(96,043)	(194,409)
Balance at the end of the year	1,001,009	256,737	79,536	1,578,938	2,916,220

	Buildings	Plant and Equipment	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Year ended June 30, 2019					
Balance at beginning of the year	1,039,850	234,821	129,639	1,604,912	3,009,222
Additions	11,881	58,751	-	95,942	166,574
Depreciation expense	(29,603)	(47,917)	(28,236)	(75,267)	(181,023)
Balance at the end of the year	1,022,128	245,655	101,403	1,625,587	2,994,773

13 Trade and Other Payables

	2020	2019
	\$	\$
Current		
Trade payables	67,870	68,530
GST payable	84,772	122,432
Accrued expenses	16,391	15,457
Other payables	6,714	12,452
	175,747	218,871

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements

For the Year Ended June 30, 2020

14 Borrowings

	2020	2019
	\$	\$
CURRENT		
Loan - NAB	8,885	15,682
Loan - Toyota Finance	35,953	7,739
Loan - Other Financial Institutions	19,641	16,228
Total current borrowings	64,479	39,649
	2020	2019
	\$	\$
NON-CURRENT		
Loan - NAB	18,421	25,858
Loan - Toyota Finance	-	36,202
Loan - Other Financial Institutions	24,134	35,342
Total non-current borrowings	42,555	97,401
Total borrowings	107,034	137,050

Leased liabilities are secured by the underlying leased assets.

15 Employee Benefits

	2020	2019
	\$	\$
Current liabilities		
Long service leave	7,397	7,728
Annual leave	21,679	26,537
	29,076	34,265
	2020	2019
	\$	\$
Non-current liabilities		
Long service leave	23,173	17,567
	23,173	17,567

16 Other Liabilities

	2020	2019
	\$	\$
CURRENT		
Income in advance	11,113	59,670
	11,113	59,670

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

17 Capital and Leasing Commitments

(a) Finance Leases

	2020	2019
	\$	\$
Minimum lease payments:		
- not later than one year	68,897	44,250
- between one year and five years	43,221	103,940
Minimum lease payments	<u>112,118</u>	148,190
Less: finance charges	<u>(5,084)</u>	(11,141)
Present value of minimum lease payments	<u><u>107,034</u></u>	<u>137,049</u>

Finance leases normally have a term between 1 and 3 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

(b) Rent on Land and Buildings

A lease was entered into on 1 January 2015 for a period of 10 years ending 31 December 2024 between Coffs Harbour Racecourse & Public Recreation Trust Incorporated and the Coffs Harbour Racing Club Limited.

Annual rent is set at \$41,784 to be reviewed in 3 year intervals and is to take into account permanent structural improvements to the leased premises, meaning that rent has been \$nil in both the current and previous financial year.

18 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements

For the Year Ended June 30, 2020

18 Financial Risk Management

- Cash at bank
- Bank overdraft
- Trade and other payables
- Finance Lease liabilities

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Coffs Harbour Racing Club Limited's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Coffs Harbour Racing Club Limited's activities.

The day-to-day risk management is carried out by Coffs Harbour Racing Club Limited's finance function under policies and objectives which have been approved by the Board of Directors. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

At the reporting date, the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements

For the Year Ended June 30, 2020

18 Financial Risk Management

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	
2020							
Trade receivables	338,475	2,000	-	-	-	40	336,435
Other receivables	41,502	-	-	-	-	-	41,502
Total	<u>379,977</u>	<u>2,000</u>	-	-	-	40	<u>377,937</u>
2019							
Trade receivables	401,910	2,000	11,020	739	202	-	387,949
Total	<u>401,910</u>	<u>2,000</u>	<u>11,020</u>	<u>739</u>	<u>202</u>	-	<u>387,949</u>

Coffs Harbour Racing Club Limited

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Notes to the Financial Statements

For the Year Ended June 30, 2020

18 Financial Risk Management

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Other financial assets held at amortised cost

Other financial assets at amortised cost include term deposits, loans to related parties and key management personnel and other receivables.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -0.50% (2019: +1.00%/-0.50%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2020		2019	
	+1.00%	-0.50%	+1.00%	-0.50%
	\$	\$	\$	\$
Net results	2,676	(1,338)	1,735	(867)
Equity	2,676	(1,338)	1,735	(867)

19 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Coffs Harbour Racing Club Limited during the year are as follows:

	2020	2019
	\$	\$
Short-term employee benefits	98,677	90,772
	<u>98,677</u>	<u>90,772</u>

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements For the Year Ended June 30, 2020

20 Auditors' Remuneration

	2020	2019
	\$	\$
Remuneration of the auditor for:		
- auditing the financial statements	12,400	16,000
- taxation services	2,800	2,700
	<u>15,200</u>	<u>18,700</u>

21 Contingencies

Contingent Liabilities

Coffs Harbour Racing Club Limited had a contingent liability of \$86,984 at 30 June 2020 relating to unpaid superannuation guarantee charge for jockeys. On 30 September 2020 the Company was issued with a Notice of amended assessment of superannuation guarantee charge for superannuation guarantee shortfalls relating to the quarter ended 30 June 2014. The Directors are in the process of appealing the Australian Taxation Office assessment based on the advice of Racing NSW.

22 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 19.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year ended 30 June 2020, \$951 marketing costs were paid to a director of the Company (2019: \$10,140).

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements

For the Year Ended June 30, 2020

23 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	\$	\$
Profit for the year	143,884	149,302
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	194,409	181,023
- net gain on disposal of property, plant and equipment	(11,165)	-
- impairment of receivables	-	(2,425)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	21,933	(28,507)
- (increase)/decrease in prepayments	(28,725)	(6,362)
- (increase)/decrease in inventories	2,545	(1,180)
- increase/(decrease) in income in advance	(48,557)	29,733
- increase/(decrease) in trade and other payables	(43,126)	71,148
- increase/(decrease) in employee benefits	417	10,466
Cashflows from operations	<u>231,615</u>	<u>403,198</u>

24 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 50 each towards meeting any outstandings and obligations of the Company. At June 30, 2020 the number of members was 314 (2019: 414).

25 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Coffs Harbour Racing Club Limited

ABN: 93 065 545 815

Notes to the Financial Statements
For the Year Ended June 30, 2020

26 Statutory Information

The registered office and principal place of business of the company is:

Coffs Harbour Racing Club Limited
Howard Street
Coffs Harbour NSW 2450

Coffs Harbour Racing Club Limited

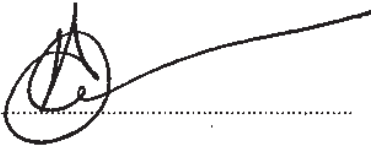
ABN: 93 065 545 815

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 5 to 30, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at June 30, 2020 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Director 

Dated 7/10/20.



Tel: (02) 6652 2333

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Coffs Harbour NSW 2450

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Coffs Harbour Racing Club Limited

Independent Audit Report to the members of Coffs Harbour Racing Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Coffs Harbour Racing Club Limited (the Company), which comprises the statement of financial position as at June 30, 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at June 30, 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Coffs Harbour Racing Club Limited

Independent Audit Report to the members of Coffs Harbour Racing Club Limited

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



Location
Dated this 8th day of October 2020